CENTRAL AMERICAN RESOURCE CENTER

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2021 AND 2020

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Independent Auditor's Report

To the Board of Directors
Central American Resource Center
Washington, DC

Opinion

We have audited the accompanying financial statements of Central American Resource Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021, and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central American Resource Center as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Central American Resource Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Central American Resource Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

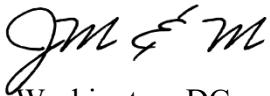
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central American Resource Center's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Central American Resource Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Washington, DC
June 20, 2022

CENTRAL AMERICAN RESOURCE CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 186,239	$ 410,398
Contracts receivable	308,570	158,036
Grants and contributions receivable	81,356	62,127
Total Current Assets	576,165	630,561
PROPERTY AND EQUIPMENT, NET	759,149	692,069
TOTAL ASSETS	$ 1,335,314	$ 1,322,630
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 50,837	$ 66,079
Grants payable	-	3,750
Deferred revenue	-	66,966
Loan payable, current portion	23,412	192,404
Total Current Liabilities	74,249	329,199
NON-CURRENT LIABILITIES		
Loan payable, net of current portion	242,988	-
PPP loan	-	156,900
Total Non-Current Liabilities	242,988	156,900
Total Liabilities	317,237	486,099
NET ASSETS		
Without donor restrictions	1,018,077	836,531
Total Net Assets	1,018,077	836,531
TOTAL LIABILITIES AND NET ASSETS	$ 1,335,314	$ 1,322,630

The accompanying notes are an integral part of these financial statements.

CENTRAL AMERICAN RESOURCE CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

REVENUE AND SUPPORT		
WITHOUT DONOR RESTRICTIONS:		
Grants and contributions	$	430,728
Government grants		963,770
Program service fees		160,329
Forgiveness of PPP loan		156,900
Other revenue		9,349
Total Revenue and Support Without Donor Restrictions		1,721,076
EXPENSES		
Program Services:		
Legal and counseling		705,653
Housing		599,901
Total Program Services		1,305,554
Support Services:		
Management and general		180,339
Fundraising		53,637
Total Support Services		233,976
Total Expenses		1,539,530
CHANGE IN NET ASSETS		181,546
NET ASSETS, beginning of year		836,531
NET ASSETS, end of year	$	1,018,077

The accompanying notes are an integral part of these financial statements.

CENTRAL AMERICAN RESOURCE CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor restrictions	With Donor restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	$ 523,523	$ -	$ 523,523
Government grants	829,805	-	829,805
Program service fees	142,050	-	142,050
Other revenue	3,085	-	3,085
Net assets released from restrictions	48,018	(48,018)	-
Total Revenue and Support	1,546,481	(48,018)	1,498,463
EXPENSES			
Program Services:			
Legal and counseling	492,527	-	492,527
Citizenship and civic participation	125,186	-	125,186
Housing	614,066	-	614,066
Total Program Services	1,231,779	-	1,231,779
Support Services:			
Management and general	96,273	-	96,273
Fundraising	43,776	-	43,776
Total Support Services	140,049	-	140,049
Total Expenses	1,371,828	-	1,371,828
CHANGE IN NET ASSETS	174,653	(48,018)	126,635
NET ASSETS, beginning of year	661,878	48,018	709,896
NET ASSETS, end of year	$ 836,531	$ -	$ 836,531

The accompanying notes are an integral part of these financial statements.

CENTRAL AMERICAN RESOURCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services			Support Services			
	Legal and Counseling	Housing	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Personnel Costs:							
Salaries	$ 464,339	$ 393,974	$ 858,313	$ 57,251	$ 14,900	$ 72,151	$ 930,464
Benefits	42,803	35,878	78,681	11,836	1,479	13,315	91,996
Payroll taxes	36,143	30,658	66,801	16,430	1,360	17,790	84,591
Total Personnel Costs	543,285	460,510	1,003,795	85,517	17,739	103,256	1,107,051
General Expenses							
Administration and board meeting	-	-	-	368	-	368	368
Bank charges	-	-	-	3,261	-	3,261	3,261
Consultants	38,284	45,397	83,681	25,314	34,088	59,402	143,083
Depreciation and amortization	17,951	15,231	33,182	2,789	-	2,789	35,971
Donations	362	-	362	-	-	-	362
Equipment	11,403	10,850	22,253	-	-	-	22,253
Grants	11,250	-	11,250	-	-	-	11,250
Insurance	5,638	2,014	7,652	1,388	-	1,388	9,040
Interest	8,593	3,625	12,218	1,067	-	1,067	13,285
Marketing and advertising	470	350	820	-	-	-	820
Materials	12,887	401	13,288	10,638	1,810	12,448	25,736
Membership and subscription	9,762	5,323	15,085	2,367	-	2,367	17,452
Miscellaneous	-	-	-	830	-	830	830
Occupancy	16,758	12,284	29,042	3,985	-	3,985	33,027
Office supplies	3,783	12,811	16,594	-	-	-	16,594
Postage and shipping	2,968	384	3,352	332	-	332	3,684
Printing and publications	-	4,773	4,773	-	-	-	4,773
Professional fees	9,637	7,884	17,521	16,674	-	16,674	34,195
Repairs and maintenance	2,749	3,441	6,190	17,284	-	17,284	23,474
Telephone	8,383	11,582	19,965	3,884	-	3,884	23,849
Training and staff development	1,490	1,797	3,287	2,775	-	2,775	6,062
Travel	-	1,244	1,244	1,866	-	1,866	3,110
Total Expenses	$ 705,653	$ 599,901	$ 1,305,554	$ 180,339	$ 53,637	$ 233,976	$ 1,539,530

The accompanying notes are an integral part of these financial statements.

CENTRAL AMERICAN RESOURCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services				Support Services			
	Legal and Counseling	Citizenship and Civic Participation	Housing	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Personnel Costs:								
Salaries	$ 330,287	$ 84,689	$ 364,162	$ 779,138	$ 42,169	$ 19,690	$ 61,859	$ 840,997
Benefits	27,160	6,964	29,946	64,070	3,952	1,619	5,571	69,641
Payroll taxes	28,878	7,405	31,839	68,122	4,202	1,721	5,923	74,045
Total Personnel Costs	386,325	99,058	425,947	911,330	50,323	23,030	73,353	984,683
General Expenses								
Administration and board meeting	-	-	-	-	23	-	23	23
Bank charges	1,594	292	189	2,075	623	15	638	2,713
Consultants	7,780	700	85,209	93,689	3,010	14,969	17,979	111,668
Depreciation and amortization	11,138	2,856	12,280	26,274	1,621	664	2,285	28,559
Donations	270	112	417	799	369	15	384	1,183
Equipment	10,091	2,588	11,126	23,805	1,468	602	2,070	25,875
Grants	7,948	2,038	8,764	18,750	-	-	-	18,750
Insurance	3,494	634	1,841	5,969	364	246	610	6,579
Interest	3,766	4,475	4,030	12,271	595	-	595	12,866
Marketing and advertising	190	-	-	190	65	25	90	280
Materials	15,685	4,021	17,294	37,000	2,282	936	3,218	40,218
Membership and subscription	5,839	1,497	6,438	13,774	850	349	1,199	14,973
Miscellaneous	-	-	-	-	947	-	947	947
Occupancy	12,182	3,124	13,431	28,737	1,773	725	2,498	31,235
Office supplies	8,143	283	6,136	14,562	663	-	663	15,225
Postage and shipping	4,114	-	358	4,472	246	-	246	4,718
Printing and publications	-	-	4,179	4,179	-	15	15	4,194
Professional fees	-	-	-	-	28,925	828	29,753	29,753
Repairs and maintenance	3,812	978	4,203	8,993	555	227	782	9,775
Telephone	6,496	2,138	9,538	18,172	1,477	1,130	2,607	20,779
Training and staff development	2,733	-	1,881	4,614	20	-	20	4,634
Travel	927	392	805	2,124	74	-	74	2,198
Total Expenses	$ 492,527	$ 125,186	$ 614,066	$ 1,231,779	$ 96,273	$ 43,776	$ 140,049	$ 1,371,828

The accompanying notes are an integral part of these financial statements.

CENTRAL AMERICAN RESOURCE CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 181,546	$ 126,635
Adjustments to reconcile change in net assets to net cash (used for) provided by operating activities:		
Depreciation and amortization	35,971	28,559
Forgiveness of PPP loan	(156,900)	-
(Increase) decrease in:		
Contracts receivable	(150,534)	(13,195)
Grants and contributions receivable	(19,229)	(14,553)
Increase in:		
Accrued expenses	(15,242)	39,760
Grants payable	(3,750)	3,750
Deferred revenue	(66,966)	29,202
Net Cash (Used for) Provided by Operating Activities	(195,104)	200,158
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(103,051)	(22,619)
Net Cash Used for Investing Activities	(103,051)	(22,619)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	-	156,900
Proceeds from note payable	96,806	-
Payments on notes payable	(22,810)	(21,181)
Net Cash Provided by Financing Activities	73,996	135,719
NET CHANGE IN CASH	(224,159)	313,258
CASH, beginning of year	410,398	97,140
CASH, end of year	$ 186,239	$ 410,398
SUPPLEMENTAL DISCLOSURE		
Interest paid	$ 13,285	$ 12,866

The accompanying notes are an integral part of these financial statements.

NOTE A – ORGANIZATION AND PURPOSE

Central American Resource Center ("CARECEN") is a non-profit organization incorporated in the District of Columbia in 1982 for the purpose of providing direct services in in the areas of immigration, housing and citizenship while also promoting empowerment, civil rights advocacy and civic training for the Latino community in the Washington metropolitan region. The activities of CARECEN are funded primarily by government and private grants.

CARECEN has the following three programs:

Legal and Counseling – This program provides assistance to immigrants in completing a variety of applications including family petitions, adjustment of legal status, work permits, consulate processing, asylum and citizenship.

Citizenship and Civic Participation – Community empowerment, leadership training and educational workshops are offered to eligible legal permanent residents and newly-naturalized citizens to educate them about language access, school systems, and certain rights, including voter registration and civic engagement. In 2021, this program was merged with the legal and consulting program.

Housing – This program provides technical assistance to residents in forming tenant associations as well as comprehensive housing counseling, financial literacy and credit counseling, pre-purchase and foreclosure prevention counseling, as well as paralegal assistance in tenant/landlord issues.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Basis of Presentation

Financial statement presentation follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit-Entities*. In accordance with the Topic 958, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CARECEN and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of CARECEN and/or the passage of time or that must be maintained in perpetuity by CARECEN. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Cash

CARECEN considers all highly liquid funds including interest bearing savings accounts, which are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution. At times, the accounts may exceed this limit; however, CARECEN believes it is not exposed to any significant credit risk on cash.

Contracts, Grants and Contributions Receivable

Contracts, grants and contributions receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. Management believes that all contracts grants and contributions receivable are collectible. Therefore, no allowance for doubtful accounts has been established as of December 31, 2021 or 2020. Contracts receivable as of January 1, 2021 and 2020, totaled $158,036 and $144,481, respectively.

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation. CARECEN capitalizes all expenditures for property and equipment in excess of $500. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are generally five years for furniture, equipment and software, and up to 39 years for buildings. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Grants and Contributions

CARECEN recognizes grants and contributions when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions. Contributions with donor restrictions that are met in the same reporting period as the contribution is received are reported as contributions without donor restrictions support.

Government Grants

Revenues are primarily received either directly or indirectly from federal government agencies. These revenues are considered conditional grants with a measurable performance or other barrier and a right of return, and are not recognized until the conditions on which they depend have been substantially met. These grants are also subject to audit by the grantor agencies, which could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate grantor. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position. Deferred revenue as of January 1, 2021 and 2020, were $66,966 and $37,764, respectively.

Program Service Fees

Program service fees is revenue primarily derived from legal services, counseling, and class registrations provided by CARECEN, which is recognized at a point of time when the services are provided.

Method Used for Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization, occupancy, and other applicable office expenses, which are allocated on the basis salaries and related costs determined by estimates of time and effort expended**.**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C – INCOME TAXES

CARECEN is recognized as a 501(c)(3) organization exempt from federal income tax under the provisions of Section 501(a) of the Internal Revenue Code, except on unrelated business activities.

CARECEN believes that it has appropriate support for any tax provisions taken, and as such, does not have any uncertain tax provisions that are material to the financial statements or that would have an effect on its tax-exempt status. There were no unrecognized tax benefits or liabilities that needed to be recorded.

CARECEN's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. CARECEN's Form 990 information returns for the years ended December 31, 2018 through 2020, are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

CARECEN's management regularly monitors liquidity requirements to ensure that ongoing operating needs and other contractual commitments are met. Timing of revenue receipts also ensures the availability of necessary operational funds. Sources of liquidity available to CARECEN include financial assets consisting of cash, and contracts, grants and contributions receivable.

In determining the adequacy of liquidity sources to cover general operating expenditures over a 12-month period, CARECEN considers all expenditures related to its ongoing program activities as well as services undertaken to support those programs, to be general operating expenditures.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY (continued)

The following reflects CARECEN's financial assets as of December 31:

	2021	2020
Cash	$ 186,239	$ 410,398
Contracts receivable	308,570	158,036
Grants and contributions receivable	81,356	62,127
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 576,165	$ 630,561

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as December 31:

	2021	2020
Land	$ 250,769	$ 250,769
Building	659,597	659,597
Building renovations	86,230	-
Furniture and equipment	104,715	87,894
Software	3,976	3,976
Total Property and Equipment	1,105,287	1,002,236
Less: Accumulated depreciation and amortization	(346,138)	(310,167)
Property and Equipment, Net	$ 759,149	$ 692,069

Depreciation and amortization expense for the years ended December 31, 2021 and 2020 totaled $35,971 and $28,559, respectively.

NOTE F – OPERATING LEASES

Effective in October 2015, CARECEN entered into a copier lease agreement for a period of five years. According to the lease terms, payments of $481 are due monthly. Beginning in August 2020, the copier lease was renewed for an additional five years, with a monthly lease payment of $503.

In November 2019, CARECEN entered into a telephone system lease agreement for a period of five years with a monthly lease payment of $168.

NOTE F – OPERATING LEASES (continued)

The following is a schedule of future minimum lease payments required under the two operating leases as of December 31:

2022	$	8,052
2023		8,052
2024		7,884
2025		4,024
Total	$	28,012

NOTE G – RETIREMENT PLAN

CARECEN established the CARECEN DC 403(b) Plan (the "Plan") for all employees that meet the eligibility requirement. The Plan allows pre-tax salary deferrals based on Internal Revenue Service imposed limits each year. There is no minimum age or service requirement to make salary deferral payments to this Plan. However, an employee must work a minimum of more than 20 hours per week and complete at least one year of service in order receive employer matching contributions. Employer contributions to the Plan are discretionary. For the years ended December 31, 2021 and 2020, pension expense totaled $6,072 and $5,119, respectively.

NOTE H – VOLUNTEER SERVICES

CARECEN receives volunteer services from various interns and other community members to help with paralegal work and to conduct English as a Second Language ("ESL") classes. The value of these services is not readily determinable and therefore, has not been recognized in these financial statements.

NOTE I – DEBT OBLIGATIONS

Term Loan

In 2015, CARECEN secured a term loan from Raza Development Fund (the "Lender") in the amount of $300,000. The loan bore an interest at 6.25% per annum. The loan is secured by a lien on CARECEN's office space and required principal and interest of monthly payments totaling $2,500. In 2021, CARECEN renegotiated the terms of its agreement with the Lender, resulting in a new loan of $275,000. The loan bears an interest of 5.75% and matures on July 31, 2031.

NOTE I – DEBT OBLIGATIONS (continued)

Term Loan (continued)

The following is the schedule of future minimum payments related note payable as of December 31,:

2022	$ 23,412
2023	22,750
2024	24,093
2025	25,516
2026	27,022
Thereafter	143,607
Total	$ 266,400

As of December 31, 2021 and 2020, the outstanding balance due on the loan totaled $266,400 and $192,404, respectively.

PPP Loan

On May 19, 2020, CARECEN secured a loan of $156,900 with PNC Bank National Association, (the "Lender") under the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") that authorized forgivable loans to small businesses. This loan could be used to cover certain expenses during the COVID-19 crisis. The loan amounts would be forgiven as long as the loan proceeds were used to cover payroll costs, rent, certain mortgage interest and utility costs over a period specified in the loan document after the loan was made. If not used for the prescribed purpose, the loan would became due on May 19, 2022, along with interest calculated at the rate of 1% per annuum. The PPP loan balance for the year ended December 31, 2020, totaled $156,900.

The PPP loan was forgiven on July 12, 2021, and therefore, was recognized as revenue on the statement of activities for the year ended December 31, 2021.

NOTE J – SUBSEQUENT EVENTS

In preparing these financial statements, CARECEN's management has evaluated events and transactions for potential recognition or disclosure through June 20, 2022, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.